

IN RE
JUMBO MINING COMPANY
DEBTOR

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CHAPTER 7

THIS PLEADING REQUESTS RELIEF THAT MAY BE ADVERSE TO YOUR INTERESTS.

IF NO TIMELY RESPONSE IS FILED WITHIN TWENTY (20) DAYS FROM THE DATE OF SERVICE, NO HEARING WILL BE HELD AND THE RELIEF REQUESTED IN THE MOTION WILL BE GRANTED WITHOUT A HEARING BEING HELD. A TIMELY FILED RESPONSE IS NECESSARY FOR A HEARING TO BE HELD.

TO THE HONORABLE BANKRUPTCY JUDGE:

C. Daniel Roberts, Trustee in the above bankruptcy matter, makes this his application for leave to pay certain administrative expenses of said bankruptcy matter, as follows:

1. This case was filed as a Chapter 7 bankruptcy on November 10, 1997 at which time the undersigned was appointed as Chapter 7 Trustee.

2. Among the assets in this case are certain mining claims ("Mining Claims"), as well as the associated machinery, fixtures, equipment and supplies ("Physical Assets") located in and around Delta, Utah ("Mine Site"). The actual Mine Site is thirty-five (35) miles outside of Delta, Utah ("Delta"). Due to the rough terrain, remote nature of the Mine Site, and frequently inclement weather conditions, travel to and from the Mine Site is best accomplished in a four-wheel drive vehicle. During the best conditions, it take a little less than an hour to travel the thirty-five (35) miles.

3. During the administration of this case, the Trustee has utilized the services of David L. Hartshorn ("Hartshorn") to secure and maintain the Physical Assets. Hartshorn was previously employed by the Debtor as a geologist, but has been providing security for the Physical Assets post-petition. In this capacity, Hartshorn is not considered a "professional" as defined in 11 U.S.C. §327; therefore, it is not necessary that Hartshorn be employed by order of this Court.

4. Upon the commencement of this case, Hartshorn secured access to the Mine Site and removed the easily stolen hand tools from the Mine Site to a secured storage unit in Delta. Hartshorn has coordinated access to the Mine Site as has been required by various local, state and federal regulatory agencies ("Regulatory Agencies"), in addition to providing the Trustee with advise regarding the nature, disposition and value of the Physical Assets and Mining Claims. Hartshorn has continued to travel to the Mine Site on a regular basis to maintain the security of the area and the Physical Assets, as well as monitor the Mine Site for any irregularities. Hartshorn met with a representative of the Trustee's office, Greg Milligan, during his visit to Delta and the Mine Site. Hartshorn may further advise the Trustee on technical issues related to the sale of the Mining Claims and the reclamation claims of the Regulatory Agencies.

5. During the subject time period, Hartshorn has incurred certain expenses related to his service to the Estate including, but not limited to, the payment of the rental fee for the storage unit in Delta and mileage to and from the Mine Site.

6. While Hartshorn may have traveled to the Mine Site more frequently, the Trustee believes that three (3) trips to the Mine Site per week adequately protects

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the Estate's interest in the subject property. Based upon this premise, the Trustee proposes to pay Hartshorn as follows:

\$20.00 / hour x 3 hours / trip x 3 trips / week x 4 weeks / month	= \$720.00 / month
70 miles round trip x \$0.24 / mile x 12 trips / month	= 205.00 / month
Monthly Storage Rental Reimbursement	= <u>75.00 / month</u>
TOTAL	\$1,000.00 / month

7. As Hartshorn has provided said services to the Estate for the seven (7) month period of November, 1997 through May, 1998, the Trustee requests authority to pay Hartshorn a total of \$7,000.00 in payment for services and reimbursement of all expenses incurred during this period.

8. By this Application, the Trustee further requests the authority to pay Hartshorn for subsequent months at the same hourly rate as is commensurate with the services provided to the Estate and which services are deemed to be necessary in the sole judgment and discretion of the Trustee, to protect the Estate's interest in the Physical Assets and/or the Mining Claims.

9. The Trustee further requests authority to pay certain other administrative expenses, which are deemed to be necessary in the sole judgment and discretion of the Trustee, to protect the Estate's interest in the Physical Assets and/or the Mining Claims, whether directly to the administrative claimant or as reimbursement to Hartshorn, as long as the total of any such expenses does not exceed \$500.00 per month. Any unused expense allowance is cumulative and passes to and is available during the following month.

10. The Estate currently has a bank account balance of \$ 17,500.00.

11. The Regulatory Agencies are currently conducting a "characterization" study to determine the current level of contamination, if any, at the Mine Site, which will determine their opinion as to the reclamation costs at the Mine Site. It is the Trustee's information that the Mine Site contains substantial proven reserves that may be mined; however, due to alleged environmental violations by the Debtor, the Regulatory Agencies are requiring that reclamation occur prior to the completion of the mining of the proven reserves. In the alternative, the Regulatory Agencies will allow the mining to resume after the operator posts a cash bond equivalent to the amount of the reclamation cost estimate.

12. The outcome of the "characterization" study will significantly impact the marketability and value of the Mining Claims to the Estate. Based upon information from the Regulatory Agencies, the Trustee anticipates that the study will be complete within the next thirty (30) to sixty (60) days. In a worst-case scenario for the Estate wherein the cost of reclamation exceed the value of the Mining Claims, the Estate still have the Physical Assets to liquidate for the benefit of creditors, as well as other mining claims in the States of Arizona and Nevada. By prior order of this Court, the Trustee has engaged the services of Tom Erkelens, Auctioneer to sell the Physical Assets and/or Mining Claims.

WHEREFORE, the petitioner as Trustee, respectfully prays that he be authorized to pay the administrative expenses as set forth above, as well as grant any other relief which the Trustee may show himself entitled, both general and special, legal and equitable.

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By: *C. Daniel Roberts*

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ATTORNEYS FOR CHAPTER 7 TRUSTEE

CERTIFICATE OF SERVICE

By my signature above, I hereby certify that on the 9TH day of June, 1998, a true and correct copy of the foregoing document was served upon the parties-in-interest listed on the attached Exhibit "A."

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EXHIBIT

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